Orocobre Limited: Changes in Argentine Government Policy

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Brisbane, Australia (ABN Newswire) - Orocobre Ltd. (ASX:ORE) (TSE:ORL) wishes to provide guidance on the impact of changes in Argentine Government policy on its business operations in Argentina.

Mauricio Macri was elected as President of Argentina at the final round of elections held on 22 November 2015 and assumed office on 10 December 2015. The election of President Macri represents a significant break with the policies of the previous administration. President Macri and his administration have a stated aim of turning Argentina into an open and free economy, reconnected to the world.

President Macri's administration has moved quickly to implement sweeping changes to lift economic restrictions and controls.

Key changes made that directly benefit the Company's operation in Argentina include:-

- removing the "dollar clamp" to allow the free flow of capital in and out of the country

- effectively allowing the floating of the Argentine peso and ending the artificially high official exchange rate

- eliminating export taxes on almost all agricultural and industrial products, specifically removing the 5% export duty on lithium carbonate and refined boron products

- removal of most controls on the importation of goods into Argentina

The importance to Orocobre of the removal of the dollar clamp at this stage of our operations is of significant importance as not only will the risk of delay in receiving imported equipment and consumables be removed but the removal will permit the free flow of dividends in the future from our operating companies. Previously, export proceeds had to be repatriated to Argentina after payment of debt service obligations but access to foreign exchange for the purchase of equipment, reagents or to pay dividends was restricted. With the changes, companies can access US$2m to December 31 increasing to US$4m from then to the end of May 2016 and unlimited access from the end of May 2016. This has a positive impact on operational matters, the treasury function and the payment of dividends. Although the restrictions on dividend payments had not affected the Company during construction of the Olaroz Lithium Facility, this restriction was a major point of concern with the investment community.

After a long period of a an overvalued AR$, the re-adjustment of the currency to a lower value through the floating exchange rate has improved the competitiveness of our operations, in particular at Borax Argentina where there is a higher proportion of local costs. Our SBLC dollar guarantees against peso loans are also strengthened, creating additional local funding.

The Macri administration has removed or significantly reduced the export retentions (duties) on all agricultural and industrial products. A 5% duty on the Company's high value added lithium carbonate and refined borax products has now been removed. The 10% duty payable on boron mineral concentrates remains in place for the time being.

Finally, the removal of import restrictions which affected the Company during construction will allow for more rapid international sourcing of materials and equipment and will remove the procurement challenges previously encountered by the Company's teams at Olaroz and Borax Argentina.

Orocobre has been working in Argentina since 2006 and has been able to finance, build and operate the Olaroz Lithium Facility, the first new brine based lithium facility in approximately 20 years, high in the northern Andes of Argentina with quite onerous government policy constraints in place. We are very pleased that Argentina now has a government determined to encourage business development and facilitate the country's economic growth.

This change in philosophy and approach is good for Orocobre now and in the future.

About Orocobre Limited:

Orocobre Ltd. is listed on the Australian Securities Exchange and Toronto Stock Exchange (ASX:ORE) (TSE:ORL) (OTCMKTS:OROCF), and is building a substantial Argentinian-based industrial minerals company through the construction and operation of its portfolio of lithium, potash and boron projects and facilities in the Puna region of northern Argentina.

The Company has built, in partnership with Toyota Tsusho Corporation and JEMSE, the first large-scale, greenfield brine based lithium project in 20 years at the Salar de Olaroz with planned production of 17,500 tonnes per annum of low-cost battery grade lithium carbonate.

Contact:

Orocobre Ltd.
Australia and Asia
Richard Seville, Managing Director
T: +61 7 3871 3985
M: +61 419 916 338
E: rseville@orocobre.com

David Hall, Business Development Manager
T: +61 7 3871 3985
M: +61 407 845 052
E: dhall@orocobre.com

North America
James Calaway, Chairman
M: +1 (713) 818 1457
E: jcalaway@orocobre.com